Governments
SANBAG
Working Together

San Bernardino Associated Governments
1170 W. 3rd Street, 2nd Floor San Bernardino, CA 92410-1715
Phone: (909) 884-8276 Fax: (909) 885-4407 Web: www.sanbag.ca.gov

TRANSPORTATION MEASURE I

■ San Bernardino County Transportation Commission ■ San Bernardino County Transportation Authority
■ San Bernardino County Congestion Management Agency ■ Service Authority for Freeway Emergencies

ADDITIONAL SUPPORT MATERIAL
AGENDA ITEM 8

Administrative Committee

March 11, 2009, 9:00 a.m.

Location:
SANBAG Office
The Super Chief
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 92410

Discussion Calendar

8. **Resolution No. 09-010, Issuance of the 2009 Sales Tax Revenue Note (Limited Tax Bonds)**

Approve Resolution No. 09-010 authorizing issuance of the 2009 Sales Tax Revenue Note (Limited Tax Bonds), in an amount not to exceed $210 million. **Garry Cohoe**

Attachment: RES09010 – 2009 Series A Preliminary Official Statement.doc

PRELIMINARY OFFICIAL STATEMENT DATED _______, 2009.

NEW ISSUE—BOOK-ENTRY ONLY

Rating:
See "RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest evidenced by the Series 2009 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest evidenced by the Series 2009 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest evidenced by the Series 2009 Notes is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest evidenced by the Notes is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest evidenced by the Series 2009 Notes. See "Tax Matters" herein.

$[210,000,000]*
SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY
Measure I Sales Tax Revenue Notes, Series 2009
(Limited Tax Bonds)

Dated: Date of Delivery **Due: _____, 20__**

The San Bernardino County Transportation Authority Measure I Sales Tax Revenue Notes, Series 2009 (Limited Tax Bonds) in the aggregate principal amount of $[210,000,000]* (the "Series 2009 Notes") are being issued by the San Bernardino County Transportation Authority (the "Authority") pursuant to an Indenture dated as of April 1, 2009, as supplemented, including as supplemented by a First Supplemental Indenture, dated as of April 1, 2009 (collectively referred to as the "Indenture"), between the Authority and the [Bank of New York Mellon Trust Company, N.A.], as trustee (the "Trustee"). Proceeds of the Series 2009 Notes will be applied: (i) to finance a portion of the costs associated with certain transportation projects, (ii) to pay capitalized interest on the Series 2009 Notes through maturity, (iii) to fund a reserve fund for the Series 2009 Notes and (iv) to pay costs of issuance of the Series 2009 Notes, all as more particularly described herein. See "PLAN OF FINANCE."

The Series 2009 Notes will be registered in the name of Cede & Co, as holder of the Series 2009 Notes and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive certificates representing their interest in the Series 2009 Notes purchased. The principal and interest on the Series 2009 Notes are payable by wire transfer to DTC which, in turn, will remit such principal or interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Series 2009 Notes, as more fully discussed herein.

The Series 2009 Notes will bear interest at the rates set forth in the inside cover page. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2009. The Series 2009 Notes are being issued as fully registered notes without coupons in the denominations of $5,000 and any integral multiple thereof.

The Series 2009 Notes are not subject to redemption prior to maturity.

The Series 2009 Notes are limited obligations of the Authority secured by a pledge of the Sales Tax Revenues and certain funds held by the Trustee. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax authorized in 1990 which took effect on April 1, 1990 and continues in effect through March 31 2040 (the "Measure I Sales Tax"), less certain administrative fees paid to the California State Board of Equalization in connection with the collection and disbursement of the Measure I Sales Tax (the "Sales Tax Revenues"). The Measure I Sales Tax was approved by a majority of the electorate of the County of San Bernardino (the "County") voting on the Measure I ballot measure in November 1989. On November 2, 2004 more than 2/3rds of the electorate of the County approved a continuation of the Measure I Sales Tax until March 31, 2040. The Series 2009 Notes will be secured by Sales Tax Revenues collected on and after April 1, 2010. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 NOTES" herein.

SALES TAX REVENUES ARE NOT EXPECTED TO BE SUFFICIENT TO PAY THE PRINCIPAL OF THE NOTES AT MATURITY. THE AUTHORITY EXPECTS TO ISSUE BONDS TO RETIRE THE NOTES (THE "TAKE-OUT BONDS"). SEE "RISK FACTORS—ACCESS TO CAPITAL MARKETS" HEREIN.

THE SERIES 2009 NOTES ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM THE SALES TAX REVENUES COLLECTED ON AND AFTER APRIL 1, 2010 AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND FROM THE PROCEEDS OF THE TAKE-OUT BONDS AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2009 NOTES EXCEPT FROM SUCH SALES TAX REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2009 NOTES OR THEIR INTEREST. THE SERIES 2009 NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND FUNDS HELD UNDER THE INDENTURE.

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Potential investors are advised to read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Series 2009 Notes.

The Series 2009 Notes will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority by its Disclosure Counsel, Nossaman LLP, Los Angeles, California, and by County Counsel. It is anticipated that the Series 2009 Notes in definitive form will be available for delivery to DTC in New York, New York, on or about ______, 2009.

______, 2009

*Preliminary, subject to change

$[210,000,000]* Series 2009 Notes

Amount	Maturity Date	Interest Rate	Price	CUSIP No.†

†CUSIP numbers are provided for convenience and reference only. Neither the Authority nor the Underwriters take any responsibility for the accuracy of such numbers.

* Preliminary subject to change

No broker, dealer, salesman or any other person has been authorized by the San Bernardino County Transportation Authority (the "Authority") or the Underwriters to give any information or to make any statements or representations, other than those contained in this Official Statement, and, if given or made, such other information, statements or representations must not be relied upon as having been authorized. The information set forth herein has been obtained from the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2009 Notes in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2009 Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 NOTES, THE UNDERWRITERS MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2009 NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION CONCERNING THE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expression of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Authority since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. No assurance is given that actual results will meet the forecasts of the Authority in any way, regardless of the level of optimism communicated in the information.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER THE CAPTION "CONTINUING DISCLOSURE" HEREIN.

SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY

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Gary Ovitt, *President*
Supervisor
County of San Bernardino

Paul Eaton, *Vice President*
Mayor
City of Montclair

Charley Glasper
Acting Mayor
City of Adelanto

Rick Roelle
Mayor
Town of Apple Valley

Julie Hackbarth-McIntyre
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City of Barstow

Bill Jahn
Mayor
City of Big Bear Lake

Dennis Yates
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City of Chino

Gwenn Norton-Perry
Mayor
City of Chino Hills

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Mayor
City of Colton

Mike Leonard
Mayor Pro Tem
City of Hesperia

Mark Nuaimi
Mayor
City of Fontana

Bea Cortes
Council Member
City of Grand Terrace

Larry McCallon
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City of Highland

Rhodes Rigsby
Mayor Pro Tem
City of Loma Linda

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Mayor
City of Needles

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Diane Williams
Mayor Pro Tem
City of Rancho Cucamonga

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Paul Biane
Supervisor
County of San Bernardino

Josie Gonzales
Supervisor
County of San Bernardino

Ray Wolfe
Director
Caltrans District 8
Ex-Officio Member

Deborah R. Barmack
Executive Director
SANBAG

Neil Derry
Supervisor
County of San Bernardino

Administrative Staff

Executive Director
Deborah R. Barmack

Chief Financial Officer
William Stawarski

Director of Freeway Construction
Garry Cohoe

Legal Counsel
Ruth E. Stringer, County Counsel

SPECIAL SERVICES

Financial Advisor
Montague DeRose and Associates, LLC
Westlake Village, California

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Disclosure Counsel
Nossaman LLP
Los Angeles, California

Trustee
Bank of New York Mellon Trust Company, N.A.
New York, New York

TABLE OF CONTENTS

OFFICIAL STATEMENT

$[210,000,000]*
SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY
Measure I Sales Tax Revenue Notes, Series 2009 (Limited Tax Bonds)

INTRODUCTION

General

This Official Statement, which includes the cover page and the appendices hereto, sets forth certain information in connection with the offering by the San Bernardino County Transportation Authority (the "Authority") of $[210,000,000]* aggregate principal amount of San Bernardino County Transportation Authority Measure I Sales Tax Revenue Notes, Series 2009 (Limited Tax Bonds) (the "Series 2009 Notes"). The Series 2009 Notes are being issued pursuant to the Indenture dated as of April 1, 2009, as supplemented, including as supplemented by a First Supplemental Indenture dated as of April 1, 2009, between the Authority and Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Indenture, as so supplemented and as further supplemented and amended is hereinafter referred to as the "Indenture." All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," or, if not defined therein, in the Indenture.

Authority for Issuance

The Series 2009 Notes are being issued by the Authority under and pursuant to the authority granted under Division 19 of the Public Utilities Code of the State of California (the "Act").

Purpose and Application of Proceeds

The Series 2009 Notes are being issued in order (i) finance a portion of the costs associated with certain transportation projects as described in and authorized under the Authority's Renewal Expenditure Plan, (ii) to fund capitalized interest on the Series 2009 Notes through the Maturity Date, (iii) fund a reserve fund for the Series 2009 Notes and (iv) to pay the costs of issuance of the Series 2009 Notes. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security

<u>Sales Tax Revenues</u>. The Series 2009 Notes are limited obligations of the Authority secured primarily by a pledge of the Sales Tax Revenues collected on or after April 1, 2010. Sales Tax Revenues consist of sales tax revenues derived from a one-half of one percent (0.5%) retail transactions and use tax (the "Measure I Sales Tax"), imposed in accordance with the Act and the California Transactions and Use Tax Law (Revenue and Taxation Code Section 7251 *et seq.*), less certain administrative fees paid to the California State Board of Equalization (the

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* Preliminary Subject to change

"Board of Equalization") in connection with the collection and disbursement of the Measure I Sales Tax (the "Sales Tax Revenues").

The Measure I Sales Tax was approved by the majority of the electorate of the incorporated and unincorporated portions of the County of San Bernardino (the "County") voting on the original Measure I ballot measure on November 7, 1989 (the "1989 Ordinance") which imposed the Measure I Sales Tax in the County for a twenty-year period. On January 3, 1990, the Authority adopted an ordinance that amended certain provisions of the 1989 Ordinance (the "1990 Ordinance"). The Measure I Sales Tax was scheduled to expire on March 31, 2010. On November 2, 2004, more than two-thirds of the of the electorate of the County approved a continuation of the Measure I Sales Tax (the "2004 Ordinance," and, together with the 1989 Ordinance and the 1990 Ordinance, hereinafter collectively referred to as the "Ordinance") which provided for an extension of the Measure I Sales Tax through March 31, 2040. Only Sales Tax Revenues collected pursuant to the 2004 Ordinance will be available to secure the Series 2009 Notes.

Take-Out Bonds. The Series 2009 Notes mature on ______, 20___ (the "Maturity Date"). On the Maturity Date, the Authority does not expect to have collected a sufficient amount of Sales Tax Revenues to pay interest or principal on the Series 2009 Notes as and when due.

Pursuant to the Indenture, the Authority may issue additional limited tax bonds, such bonds, together with the Series 2009 Notes, are hereinafter referred to as the "Bonds." Principal of the Series 2009 Notes is expected to be paid from the proceeds of additional Bonds (herein referred as the "Take-Out Bonds") to be issued by the Authority to provide funds to pay the principal of the Series 2009 Notes due on the Maturity Date. The Authority has covenanted to use its best efforts to issue the Take-Out Bonds on or before the Maturity Date to provide funds to pay the principal of and, at the Authority's discretion, a portion of the final interest payment on the Series 2009 Notes due on the Maturity Date. See "RISK FACTORS—Access to Capital Markets".

Senior Obligations.

The Authority has already authorized and issued the following outstanding Obligations: (i) its Sales Tax Revenue Bonds (Limited Tax Bonds), 1996 Series A (the "1996 Bonds"), currently outstanding in the principal amount of $_____, (ii) its Sales Tax Revenue Bonds (Limited Tax Bonds), 1997 Series A (the "1997 Bonds"), currently outstanding in the principal amount of $________, (iii) its Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2001 Series A (the "2001A Bonds"), currently outstanding in the principal amount of $_____, and (iv) its Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), 2001 Series B (the "2001B Bonds" and, together with the 1996 Bonds, the 1997 Bonds and the 2001A Bonds, the "Prior Bonds"), currently outstanding in the principal amount of $_____. Until the Prior Bonds have been discharged in full, the Series 2009 Notes will be payable from and secured by a lien and charge upon the Sales Tax Revenues subordinate to the Prior Bonds. Currently, the Prior Bonds are all set to mature in full on March 1, 2010. The Prior Bonds will either be paid at their maturity or defeased prior to the Maturity Date of the Series 2009 Notes so that, upon their issuance, the Take-Out Bonds will be the only obligations of the Authority secured by the Sales Tax Revenues.

No Parity Obligations.

Currently there are no existing obligations secured by a lien and charge upon the Sales Tax Revenues on a parity with the Senior 2009 Notes. Upon their issuance, the Prior Bonds will be the only obligations secured by the Sales Tax Revenues on a senior lien basis to the Series 2009 Notes. The Authority has covenanted to not issue additional Bonds or incur Parity Obligations prior to the date of issuance of the Take-Out Bonds or the Maturity Date.

Subordinate Obligations and Fee and Expense Obligations.

Other obligations of the Authority secured by a pledge of the Sales Tax Revenues on a basis subordinate to the Series 2009 Notes and the Prior Bonds may hereafter be issued or incurred (the "Additional Subordinate Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 NOTES – Additional Subordinate Obligations" herein.

Other obligations of the Authority which constitute fees, expenses and similar charges in connection with any Bonds (including the Series 2009 Notes), the Prior Bonds, the Parity Obligations and the Subordinate Obligations may be issued or incurred (the "Fee and Expense Obligations") and such Fee and Expense Obligations shall be payable on a basis subordinate to the Bonds (including the Series 2009 Notes), the Prior Bonds, the Parity Obligations and the Subordinate Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 NOTES – Fee and Expense Obligations" herein.

Bond Reserve Fund For Series 2009 Notes.

The Indenture establishes a Bond Reserve Fund, which will be available for payment of principal of and interest on the Series 2009 Notes, to the extent other moneys are not available, in an amount equal to 50% of Maximum Annual Debt Service on of the Series 2009 Notes (the "Bond Reserve Requirement"). See APPENDIX C-SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE." In lieu of making the Bond Reserve Requirement deposit in cash, or in replacement of moneys then on deposit in the Bond Reserve Fund, the Authority may deliver to the Trustee an irrevocable letter of credit, surety bond or insurance policy in an amount or securing an amount, together with other amounts on deposit with the Trustee, equal to the Bond Reserve Requirement. The issuer of such a letter of credit, surety bond or insurance policy must have its unsecured debt obligations rated in one of the two highest rating categories of Moody's and Standard & Poor's or their successors, and the bond insurer for any Outstanding Parity Obligations or Prior Bonds, if any, shall have the right to approve the provider of such letter of credit, surety bond or insurance policy.

Limited Obligations

THE SERIES 2009 NOTES ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM THE SALES TAX REVENUES COLLECTED ON OR AFTER APRIL 1, 2009 AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND FROM THE

PROCEEDS OF THE TAKE-OUT BONDS AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2009 NOTES EXCEPT FROM SUCH SALES TAX REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2009 NOTES OR THEIR INTEREST. THE SERIES 2009 NOTES ARE NOT SECURED BY A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND FUNDS HELD UNDER THE INDENTURE.

References

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document, copies of which are available for inspection at the offices of the Authority.

THE AUTHORITY

The Act creating the Authority authorized the Authority to be comprised of the members of the San Bernardino Associated Governments ("SANBAG"). SANBAG is an agency created by the County and the twenty-four cities located within the County pursuant to the terms of a joint powers agreement. SANBAG's functions include serving as the forum for consideration, study and recommendation on countywide, sub-regional and regional problems, providing an institutional vehicle for regional comprehensive planning and serving as the reviewing agency for certain federal and state grant programs.

Since SANBAG was first established in 1973, its duties have expanded considerably. With passage of Assembly Bill 1246 in 1976 (California Public Utilities Code Section 130054), SANBAG was designated as the San Bernardino County Transportation Commission, with primary responsibility for the preparation of the State Transportation Improvement Plan for State highways, coordination of transit service and highway planning and allocation of transportation grant funds. In 1986, SANBAG assumed the duties of the Service Authority for Freeway Emergencies, which is responsible for the implementation and operation of a motorist aid call-box system on State freeways and highways in the County. In 1987, SANBAG was designated to serve as the Authority pursuant to California Public Utilities Code Section 180050.

In its capacity as the Authority, SANBAG is responsible for carrying out the provisions of the Ordinance, including the collection and allocation of Measure I Sales Tax Revenues. The Authority must also develop and approve the program of projects in the San Bernardino County Transportation Expenditure Plan. The Authority oversees the construction, maintenance, improvement and operation of local streets, roads and highways, as well as State highways and freeways. The Authority also oversees the operation of public transit systems within the County, including the new commuter rail service.

The SANBAG staff serves as the staff to the Authority. Key staff members are identified below.

DEBORAH BARMACK, *Executive Director.* **[need bio]**

BILL STAWARSKI, *Chief Financial Officer.* William Stawarski was appointed in April 2008 as the Chief Financial Officer of San Bernardino Associated Governments (SANBAG). Mr. Stawarski is responsible for the overall financial activity of the agency including financial reporting, project and grant accounting, budgeting, financial systems, and cash and debt management. Mr. Stawarski previously worked as the Director of Finance for the City of Covina and the Covina Redevelopment Agency. Prior to the City of Covina, he worked for several other cities and agencies and has been involved in a number of different financing instruments for the delivery of certain infrastructure improvements, parking facilities and community centers. Mr. Stawarski received a bachelor of science in business degree with a major in accounting from the University of Minnesota.

GARRY COHOE, *Director of Freeway Construction.* **[need bio]**

THE SERIES 2009 NOTES

General

The Series 2009 Notes will mature on _____, 20__ (the "Maturity Date"). The Series 2009 Notes will bear interest at the rate set forth in the inside cover page. Interest with respect to the Series 2009 Notes accrues from the date of delivery. Interest will be paid on April 1 and October 1 of each year, commencing October 1, 2009. Interest will be computed on the basis of a 360-day year comprised of twelve 30 day months. The Series 2009 Notes will be issued in fully registered form without coupons in authorized denominations of $5,000 or integral multiples thereof and will initially be registered in the name of Cede & Co, as nominee of The Depository Trust Company ("DTC"), the initial Securities Depository for the Series 2009 Notes. Under the Indenture, the Authority may appoint a successor Securities Depository.

The Series 2009 Notes will be issued initially pursuant to a book-entry only system (the "Book-Entry System"). While the Series 2009 Notes are in the Book-Entry System, the information under this caption, "THE Series 2009 Notes" is subject in its entirety to the provisions described in APPENDIX D– "BOOK-ENTRY ONLY SYSTEM."

The term "Owner" as used herein shall refer to DTC as the registered owner of the Series 2009 Notes. Payments to the beneficial owners of the Series 2009 Notes are to be made as described in APPENDIX D- "BOOK ENTRY ONLY SYSTEM."

No Redemption of the Series 2009 Notes

The Series 2009 Notes are not subject to redemption prior to the Maturity Date.

PLAN OF FINANCE

General

Proceeds of the Series 2009 Notes will be applied to (i) finance a portion of the costs associated with the Project described below, (ii) to fund capitalized interest on the Series 2009 Notes through the Maturity Date, (iii) fund a reserve fund for the Series 2009 Notes and (iv) to pay the costs of issuance of the Series 2009 Notes. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The Project consists of the transportation projects and other transportation related purposes authorized by the 2004 Ordinance and the Renewal Expenditure Plan. See "THE MEASURE I PROGRAM" herein.

California State General Obligation Bonds

At the direction of the Authority, the Trustee will temporarily invest a portion of the proceeds from the Series 2009 Notes in general obligation bonds issued by the State of California (the State G.O. Bonds"). Pursuant to a resolution adopted by the State of California Pooled Money Investment Board and as a condition of purchase of the State G.O. Bonds, the State of California has been authorized to use the proceeds of the sale of the State G.O. Bonds to assist the Authority by supplying project reimbursements for a portion of the construction costs associated with the Project.

The State G.O. Bonds will bear interest at a rate of ____% and will be due and payable on _____, 20___. Interest with respect to the State G.O. Bonds will accrue from the date of delivery to the Authority. Interest will be paid on ______ of each year, commencing _____, 20___. The State. G.O. Bonds will not be issued formal ratings by any of the rating agencies and when issued to the Authority, will not be accompanied by any kind of disclosure document.

Covenant to Issue Take-Out Bonds

The Authority does not expect to have collected a sufficient amount of Sales Tax Revenues to repay the principal of and all of the interest on the Series 2009 Notes due on the Maturity Date. The Authority expects to issue the Take-Out Bonds to provide funds to pay the principal of the Series 2009 Notes due on the Maturity Date. Pursuant to the Indenture the Authority has covenanted to use its best efforts to issue the Take-Out Bonds on or before the Maturity Date to provide funds to pay the principal of and, at the Authority's discretion, a portion of the final interest payment on the Series 2009 Notes due on the Maturity Date. See "RISK FACTORS—Access to Capital Markets".

No Issuance of Additional Bonds Prior to Issuance of Take-Out Bonds

Pursuant to the Indenture, prior to the issuance of the Take-Out Bonds, the Authority may not issue additional Bonds secured on parity with the Series 2009 Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 NOTES—Additional Bonds and Parity Obligations" below.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the funds are as follows:

Sources of Funds:	
Par Amount of Bonds	$________
Net Original Issue Premium/Discount	$________
Total Sources	$________
Uses of Funds:	
Deposit to Project Fund	$________
Capitalized Interest Fund[1]	$________
Bond Reserve Fund	$________
Costs of Issuance[2]	$________
Total Uses:	$________

(1) Capitalized interest calculated from the date of the delivery of the Series 2009 Noted to the Maturity Date.

(2) Includes underwriters' discount, rating agency fees, trustee fees, printing costs, bond counsel, disclosure counsel and financial advisor fees and expenses and other miscellaneous expenses.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2009 NOTES

Take-Out Bonds

The Authority does not expect to have collected a sufficient amount of Sales Tax Revenues to pay the total amount of interest and principal of the Series 2009 Notes as and when due.

Interest on the Series 2009 Notes will be capitalized until the Maturity Date. Principal of the Series 2009 Notes is expected to be paid from the proceeds of the Take-Out Bonds. The Authority has covenanted to use its best efforts to issue the Take-Out Bonds on or before the Maturity Date to provide funds to pay the principal of the Series 2009 Notes due on the Maturity Date. See “RISK FACTORS—Access to Capital Markets.”

Limited Obligations

THE SERIES 2009 NOTES WILL BE LIMITED OBLIGATIONS OF THE AUTHORITY AND WILL BE PAYABLE SOLELY, BOTH AS TO PRINCIPAL AND INTEREST, FROM SALES TAX REVENUES COLLECTED ON AND AFTER APRIL 1, 2010 AND CERTAIN FUNDS HELD BY THE TRUSTEE UNDER THE INDENTURE AND THE PROCEEDS OF THE TAKE-OUT BONDS, AND THE AUTHORITY IS NOT OBLIGATED TO PAY THE SERIES 2009 NOTES EXCEPT FROM SUCH SALES TAX REVENUES AND SUCH FUNDS. THE GENERAL FUND OF THE AUTHORITY IS NOT LIABLE, AND THE CREDIT OR TAXING POWER (OTHER THAN AS DESCRIBED ABOVE) OF THE AUTHORITY IS NOT PLEDGED, FOR THE PAYMENT OF THE SERIES 2009 NOTES OR THEIR INTEREST. THE SERIES 2009 NOTES ARE NOT SECURED BY

A LEGAL OR EQUITABLE PLEDGE OF, OR CHARGE, LIEN OR ENCUMBRANCE UPON, ANY OF THE PROPERTY OF THE AUTHORITY OR ANY OF ITS INCOME OR RECEIPTS, EXCEPT THE SALES TAX REVENUES AND FUNDS HELD UNDER THE INDENTURE.

Pledge of Sales Tax Revenues and Certain Funds and Accounts Held by Trustee

As security for the payment of all amounts owing on the Series 2009 Notes, the Authority has pledged to the Trustee under the Indenture: (i) all Sales Tax Revenues collected on or after April 1, 2010, (ii) all Revenues, (iii) all funds and accounts established under the Indenture (other than the Project Fund, Rebate Fund and all Purchase Funds) and all investments, money, instruments, and other property credited thereto or on deposit therein, and (iv) all proceeds thereof, whether now existing or hereafter arising, subject to the provision of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

Sales Tax Revenues consist of the amounts available for distribution to the Authority on and after April 1, 2010 on account of the Measure I Sales Tax after deducting amounts payable by the Authority to the California State Board of Equalization for costs and expenses for its services in connection with the Sales Tax.

Revenues consist of Sales Tax Revenues, all investment earnings on amounts, including proceeds of the Series 2009 Notes, held by the Trustee in funds and accounts established under the Indenture, excluding amounts deposited to Rebate Fund and any Purchase Fund.

The Project Fund is held by the Authority and neither the Project Fund nor the investment earnings thereon is pledged to the repayment of the Series 2009 Notes.

The Authority shall not be required to advance any moneys derived from any source other than Revenues whether for the payment of principal or interest on the Series 2009 Notes or for any other purpose of the Indenture.

For a more detailed description of the Sales Tax Revenues and projected receipts of Sales Tax Revenues, see "THE MEASURE I SALES TAX" herein.

Revenue Fund; Allocation of Sales Tax Revenues

Under the Indenture, the Authority shall cause the Sales Tax Revenues to be transmitted by the Board of Equalization directly to the Trustee. The Trustee shall receive the Sales Tax Revenues from the Board of Equalization. The Trustee shall deposit in a trust fund, designated as the Sales Tax Revenue Fund (the "Revenue Fund"), all Sales Tax Revenues, when and as received by the Trustee. All other Revenues shall also be deposited in the Revenue Fund. See APPENDIX C- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues."

So long as any Bonds (including the Notes) are Outstanding and Prior Bonds, Parity Obligations, Subordinate Obligations and Fee and Expense Obligations and any other amounts payable under the Indenture remain unpaid, the Trustee is required to set aside in each month following receipt of the Sales Tax Revenues collected on and after April 1, 2010, the moneys in the Revenue Fund in the following respective funds, in the following amounts in the following order of priority:

1. **Interest Fund**. The Indenture requires the Trustee to make monthly deposits in the Interest Fund in an amount equal to (a) one-sixth of the aggregate half-yearly amount of interest becoming due and payable on Outstanding fixed interest rate bonds during the next ensuing six-month period (excluding any interest for which there are moneys deposited in the Interest Fund from the proceeds of any Bonds or other source and reserved as capitalized interest to pay such interest during the next ensuing sixth month period), until the requisite half-yearly amount of interest on all such Outstanding fixed interest rate bonds is on deposit in such fund; plus (b) the aggregate amount of interest to accrue during that month on Outstanding variable rate bonds calculated, if the actual rate of interest is not known, at the interest rate specified by the Authority, or if the Authority has not specified an interest rate, at the maximum interest rate borne by such variable rate bonds during the month prior to the date of deposit plus one hundred (100) basis points; subject to such adjustments as are provided pursuant to the provisions of the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Sales Tax Revenues."

2. **Principal Fund; Sinking Accounts**. The Indenture also requires the Trustee to make monthly deposits in the Principal Fund in an amount equal to at least (a) one-sixth of the aggregate semiannual amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having semiannual maturity dates within the next six (6) months, plus (b) one-twelfth of the aggregate yearly amount of Bond Obligation becoming due and payable on the Outstanding Serial Bonds of all Series having annual maturity dates within the next twelve (12) months, plus (c) one-sixth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next six-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts have been created and for which semiannual mandatory redemption is required from said Sinking Accounts, plus (d) one-twelfth of the aggregate of the Mandatory Sinking Account Payments to be paid during the next 12-month period into the respective Sinking Accounts for the Term Bonds of all Series for which Sinking Accounts shall have been created and for which annual mandatory redemption is required from such Sinking Accounts; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be set aside towards such principal to be so refunded or paid. All of the aforesaid deposits made in connection with future Mandatory Sinking Account Payments shall be made without priority of any payment into any one such Sinking Account over any other such payment.

In the event that the Sales Tax Revenues are not sufficient to make the required deposits so that moneys in the Principal Fund on any principal or mandatory redemption date are equal to the amount of Bond Obligation to become due and payable on the Outstanding Serial Bonds of all Series plus the Bond Obligation amount of and redemption premium on the Outstanding Term Bonds required to be redeemed or paid at maturity on such date, then such moneys shall be applied on a Proportionate Basis and in such proportion as said Serial Bonds and said Term Bonds shall bear to each other, after first deducting for such purposes from said Term Bonds any of said Term Bonds required to be redeemed annually as shall have been redeemed or purchased during the preceding 12-month period and any of said Term Bonds required to be redeemed semiannually as shall have been redeemed or purchased during the six-month period ending on such date or the immediately preceding six month period. In the event that the Sales Tax Revenues are not sufficient to pay in full all Mandatory Sinking Account Payments required to be paid at any one time into all such Sinking Accounts, then payments into all such Sinking Accounts shall be made on a Proportionate Basis, in proportion that the respective Mandatory Sinking Account Payments required to be made into each Sinking Account during the then current 12-month period bear to the aggregate of all of the Mandatory Sinking Account Payments required to be made into all such Sinking Accounts during such 12-month period.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the Bond Obligations of all Bonds then Outstanding and maturing by their terms within the next twelve (12) months plus (ii) the aggregate of all Mandatory Sinking Account Payments required to be made in such 12-month period, but less any amounts deposited into the Principal Fund during such 12-month period and theretofore paid from the Principal Fund to redeem or purchase Term Bonds during such 12-month period; provided that if the Authority certifies to the Trustee that any principal payments are expected to be refunded on or prior to their respective due dates or paid from amounts on deposit in a Bond Reserve Fund that would be in excess of the Bond Reserve Requirement applicable to such Bond Reserve Fund upon such payment, no amounts need be on deposit with respect to such principal payments. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE –Allocation of Sales Tax Revenues." **3. <u>Bond Reserve Fund</u>**. The Indenture also requires the Trustee to make deposits to the Bond Reserve Fund, if any. There will be a Bond Reserve Fund established for the Series 2009 Notes.

4. <u>Subordinate Obligations Fund.</u> The Authority shall direct the Trustee to establish a Subordinate Obligations Fund. The Trustee shall deposit in the Subordinate Obligations Fund in each month such amount as the Authority shall specify in writing is necessary to make payments due and payable during the following month with respect to Subordinate Obligations then outstanding.

5. <u>Fees and Expenses Fund</u>. After the transfers described above have been made, as necessary, the Trustee shall deposit as soon as practicable in each month in the Fees and Expenses Fund amounts necessary for payment of Fee and Expense Obligations owing in such month or the following month by the Authority.

See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Allocation of Sales Tax Revenues" for a more complete discussion.

AFTER MAKING THE FOREGOING ALLOCATIONS, ALL REMAINING SALES TAX REVENUES SHALL BE TRANSFERRED TO THE AUTHORITY AND MAY BE APPLIED BY THE AUTHORITY FOR ALL LAWFUL AUTHORITY PURPOSES.

The Authority intends to pay the principal of the Series 2009 Notes from the proceeds of the Take-Out Bonds. See "PLAN OF FINANCE".

Additional Bonds and Other Obligations

At this time, the Prior Bonds and the Series 2009 Notes are the only obligations secured by the Sales Tax Revenues and other Revenues. The Prior Bonds will have either been paid or defeased on or prior to the date of issuance of the Take-Out Bonds.

Issuance of Additional Series of Bonds. No additional Bonds secured by the Sales Tax Revenues on parity with the Series 2009 Notes may be issued by the Authority prior to the date of issuance of the Take-Out Bonds. Subsequent to the issuance of the Take-Out Bonds, the Authority may by Supplemental Indenture establish one or more Series of Bonds payable from Sales Tax Revenues and secured by the pledge made under the Indenture equally and ratably with the Take-Out Bonds, but only upon compliance by the Authority with the provisions of the Indenture. Certain of the applicable provisions of the Indenture are described below:

(a) No Event of Default shall have occurred and then be continuing.

(b) If a Bond Reserve Fund is required in connection with the issuance of an additional Series of Bonds, the Supplemental Indenture providing for the issuance of such Series of additional Bonds shall require either (i) the establishment of a Bond Reserve Fund for such Series of Bonds or (ii) that the balance in an existing Bond Reserve Fund, forthwith upon the receipt of the proceeds of the sale of Bonds of such Series, be increased to an amount at least equal to the Bond Reserve Requirement with respect to such Series of Bonds and all other Bonds secured by such Bond Reserve Fund to be considered Outstanding upon the issuance of such additional Series of Bonds. Said deposit may be made from the proceeds of the sale of such Series of Bonds or from other funds of the Authority or from both such sources or in the form of a Reserve Facility as described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Establishment and Application of Funds and Accounts - Funding and Application of Bond Reserve Funds."

(c) The aggregate principal amount of Bonds issued will not exceed any limitation imposed by the Act or any other law or by any Supplemental Indenture.

(d) The Authority shall have placed on file with the Trustee a certificate of the Authority, certifying that the amounts of Sales Tax Revenues collected during the Fiscal Year for which audited financial statements are available preceding the date on which such additional Series of Bonds will become Outstanding, shall have been, or will be, as applicable, at least equal to 1.3 times Maximum Annual Debt Service on all Series of Bonds, Prior Bonds and Parity Obligations then Outstanding and the additional Series of Bonds then proposed to be issued, which certificate will also set forth the computations upon which such certificate is based.

(e) Principal payments of each additional Series of Bonds shall be due on April 1 or October 1 in each year in which principal is to be paid if and to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Bond to be issued, and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on April 1 and October 1 in each year to the extent deemed practical in the reasonable judgment of the Authority with regard to the type of Bond to be issued. In connection with the execution and delivery by the Issuer of the Take-Out Bonds, the Authority has certified in the Indenture that the estimated Sales Tax Revenues for the Fiscal Year ending June 30, 20___ (the Fiscal Year in which the Take-Out Bonds are expected to be issued under the Indenture) will be at least equal to 1.3 Maximum Annual Debt Service on the Take-Out Bonds which satisfies the requirements of the Indenture described above in subparagraph (d) so that the Take-Out Bonds may be issued under the Indenture without complying with the provisions of the Indenture described above in subparagraph (d) at the time of issuance of the Take-Out Bonds.

Nothing in the Indenture shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by the Indenture, additional security for the benefit of such additional Series of Bonds or any portion thereof.

Issuance of Refunding Bonds. Refunding Bonds may be authorized and issued by the Authority without compliance with the provisions of the Indenture summarized above under the caption "Issuance of Additional Series of Bonds; " provided that Maximum Annual Debt Service on all Bonds and Parity Obligations Outstanding following the issuance of such Refunding Bonds is less than or equal to Maximum Annual Debt Service on all Bonds and Parity Obligations Outstanding prior to the issuance of such Refunding Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Refunding Bonds."

Senior Obligations The Prior Bonds are currently outstanding in the principal amount of $_____. Until the Prior Bonds have been discharged in full, the Series 2009 Notes will be payable from and secured by a lien and charge upon the Sales Tax Revenues subordinate to the Prior Bonds. Currently, the Prior Bonds are all set to mature in full on March 1, 2010. The Prior Bonds will either be paid at their maturity or defeased prior to the Maturity Date of the Series 2009 Notes so that, upon their issuance, the Take-Out Bonds will be the only obligations of the Authority secured by the Sales Tax Revenues.

Parity Obligations. As defined in the Indenture, "Parity Obligations" means (1) any indebtedness, installment sale obligation, lease obligation or other obligation of the Authority for borrowed money, (2) any obligation to pay the Rebate Requirement, which obligations are secured under the Indenture by a lien and charge upon the Sales Tax Revenues and therefore payable on a parity with the Bonds (whether or not any Bonds are Outstanding) or (3) any Interest Rate Swap Agreement (excluding fees and expenses and termination payments on Interest Rate Swap Agreements, which fees and expenses and termination payments shall be secured by a lien and charge on the Sales Tax Revenues subordinate to the lien and charge upon Sales Tax Revenues that secures the Bonds, Parity Obligations and payment of principal of and interest on Subordinate Obligations) entered into in connection with a Series of Bonds, and in each case having an equal lien and charge upon the Sales Tax Revenues and therefore being payable on a parity with the Bonds (whether or not any Bonds are Outstanding). The Authority may not issue or incur additional Parity Obligations until the Take-Out Bonds have been issued. If after the date of issuance of the Take-Out Bonds, the Authority issues or incurs additional Parity Obligations, such Parity Obligations will have an equal lien and charge upon the Sales Tax Revenues, provided that the conditions to the issuance of such Parity Obligations set forth in the Indenture are satisfied, including satisfaction of the coverage test described in subsection (d) above under the caption "Issuance of Additional Series of Bonds," unless such Parity Obligations are being issued for refunding purposes, in which case the coverage test shall not apply.

Subordinate Obligations. The Authority may issue or incur additional Subordinate Obligations which are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds and the Parity Obligations. As of the date of issuance of the Series 2009 Notes, there will not be any Subordinate Obligations.

Fee and Expense Obligations. The Authority may issue or incur Fee and Expense Obligations which are secured under the Indenture by a lien and charge upon the Sales Tax Revenues on a basis subordinate to the Bonds, the Prior Bonds, the Parity Obligations and the Subordinate Obligations.

Investments. All amounts held under the Indenture are invested at the direction of the Authority in Investment Securities and are subject to certain limitations contained therein. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions—Investment Securities."

THE MEASURE I SALES TAX

Authorization, Application and Collection of the Measure I Sales Tax

The Act, among other things, authorized the Authority to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County in accordance with California's Transaction and Use Tax Law (section 7251 *et seq.* of the California Revenue and Taxation Code) upon authorization by a majority of the electors voting on the issue. In accordance with the Act, Measure I was approved by 59.8% of the voters on November 7, 1989, enacting Ordinance No. 89-1 which imposed a retail transactions and use tax in the County. The Ordinance imposed a tax of one-half of one percent (1/2%) on the gross receipts of retailers from the sale of tangible personal property sold in the County and also imposed a use tax at the same rate upon the storage, use or other consumption in the County of such property purchased from any retailer for storage, use or other consumption in the County, subject to certain limited exceptions described below. The Ordinance imposed the Sales Tax for a period from April 1, 1990 to March 31, 2010. The Authority adopted Ordinance No. 04-01 on June 2, 2004 which provides for the continued imposition of the Sales Tax at the rate of one-half of one percent (1/2%) for a period from April 1, 2010 to March 31, 2040.

The one-half of one percent Sales Tax imposed by the Authority in the County is in addition to the 7.25% sales tax levied statewide by the State (which will be increased to 8.25% effective April 1, 2009). The Sales Tax is generally imposed upon the same transactions and items subject to the sales tax levied statewide by the State, with generally the same exceptions. Effective July 15, 1991, the types of transactions subject to the sales and use tax were broadened to include several additional items, such as candy, newspapers, periodicals and jet fuel. A voter initiative approved in 1992 eliminated taxation for candy, gum, bottled water and confectionery.

In general, the statewide sales tax applies to the gross receipts of retailers from the sale of tangible personal property. The use tax is imposed on the storage, use or other consumption in California of property purchased from a retailer for such storage, use or other consumption. Since the use tax does not apply to cases where the sale of the property is subject to the sales tax, the application of the use tax generally is to purchases made outside of California for use within the State.

Many categories of transactions are exempt under the sales and use tax law. For example, most food products are exempt; however, this exemption does not apply to liquor or to restaurant meals. "Occasional sales" (i.e., sales of property not held or used by a seller in the course of activities for which he or she is required to hold a seller's permit) are generally exempt; however, the "occasional sales" exemption does not apply to the sale of an entire business and other sales of machinery and equipment used in a business. Sales of property to be used outside the County which are shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer, or by delivery by the retailer to a carrier for shipment to a consignee at such point, are exempt from the tax.

On November 5, 1996, California voters approve Proposition 218 – Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges – Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. This new voter approval is not applicable to the Sales Tax, which was adopted prior to the effective date of Proposition 218. However, Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in repeal or reduction in any existing taxes, including the Sales Tax.

The Authority is unable to predict how Proposition 218 will be interpreted or whether and to what extent Proposition 218 may be held valid under the California and United States Constitutions. *The Authority is unable to predict to what extent this measure will permit the voters to exercise the initiative power granted in Article XIIIC to reduce or repeal the Sales Tax securing the Series 2009 Notes. No assurance can be given that Proposition 218 would not have a material adverse impact on the levy and collection of the Sales Tax.*

The State legislature could further change the transactions and items upon which the statewide tax and the Sales Tax are imposed. In addition, other voter initiative measures could be adopted, further affecting the receipt of Sales Tax Revenues. Such changes or amendments could have either an adverse or beneficial impact on the pledged Sales Tax Revenues. The

Authority is not currently aware of any proposed legislative or initiative change which would have a material adverse effect on pledged Sales Tax Revenues.

The increasing use of the Internet to conduct electronic commerce may impact Sales Tax Revenues. To the extent that transactions otherwise subject to the retail transactions and use tax imposed by the Ordinance avoid the imposition of sales and use tax because they constitute sales over the Internet that are not subject to such tax, the Sales Tax Revenues may be negatively impacted. At this time, the Authority is unable to state what the impact of such Internet sales may be on the amount of sales and use tax collected. The Authority can provide no assurances that Internet sales will not adversely impact the amount of pledged Sales Tax Revenues available to meet obligations of the Series 2009 Notes.

Pledged Sales Tax Revenues

Collection of the Sales Tax is administered by the California State Board of Equalization which imposes a charge for administration. Based on legislation (AB 102, Chapter 75, Statutes of 1993), such charges are based on actual cost rather than the previous fixed percentage. As described below, under the Renewal Expenditure Plan, the State Board of Equalization, after deducting the costs of administering the Sales Tax, will remit the remaining Sales Tax Revenues collected on or after April 1, 2010 directly to the Trustee. The Trustee then applies such Sales Tax Revenues to the Interest Fund, Principal Fund and Bond Reserve Fund for the Series 2009 Notes in accordance with the Indenture, and transfers the remaining unapplied revenues to the Authority for use for any lawful purpose.

The Authority accounts for Sales Tax Revenues separately for each such sub-area. Revenues generated from each specified subarea within the County will be expended on projects of direct benefit to that subarea.

Each jurisdiction within the Mountain-Desert Area and the Valley Subarea will pledge its share of Sales Tax Revenues to the payment of the Series 2009 Notes. Any such pledge by a jurisdiction is irrevocable during the period that the Sales Tax is imposed.

Historical Sales Tax Revenues

The Sales Tax went into effect on April 1, 1990, and the first collections were remitted to the Authority in mid-May, 1990. Other transportation agencies within the State have also experienced such additional costs and lags in collection of the initial imposition of 1/2% sales taxes. Since the introduction of the Sales Tax in April 1990 (and computed as of June 30, 2008), the Authority as received approximately $1,652,681,417 in Sales Tax Revenues.

The following table shows the Sales Tax Revenues reported by the Authority during the ten fiscal years ended June 30, 1999 through June 30, 2008.

San Bernardino County Transportation Authority
Sales Tax Revenues
Fiscal Years Ended June 30, 1999 - 2008

Fiscal Year Ended June 30	Sales Tax Revenues	Percent Increase (Decrease)
1999	$73,243,968	---
2000	$81,435,998	11.18%
2001	$89,986,982	10.50%
2002	$94,457,965	4.97%
2003	$102,150,709	8.14%
2004	$110,351,283	8.03%
2005	$128,793,344	16.71%
2006	$145,680,790	13.11%
2007	$146,751,291	0.73%
2008	$140,802,050	-4.05%

Source: The Authority, 2008 Comprehensive Annual Financial Report.

The projected amount of annual Sales Tax Revenues for the Fiscal Year ended on June 30, 2009, is $[124,069,228], which is 11.88% less than the amount reported for the prior fiscal year. Declines in sales tax receipts are also being experienced at the state and national level and there could be another decline in Sales Tax Revenues for Fiscal Year 2010. Although there can be no assurances if and when Sales Tax receipts will begin to increase, it is anticipated that such an increase could occur beginning in Fiscal Year ending June 30, 2011.

For a summary of historical taxable retail sales within the County see the table entitled "County of San Bernardino, Taxable Transactions by Sector" in APPENDIX B of this Official Statement.

SAN BERNARDINO COUNTY TRANSPORTATION EXPENDITURE PLAN

General Description

On November 7, 1989, the voters of the County approved the San Bernardino County Transportation Expenditure Plan contained in Ordinance No. 89-1 of the Authority (the "Expenditure Plan"). Ordinance No. 89-1 provided for the imposition of the Sales Tax for transportation purposes, including but not limited to the administration of the Authority, the construction, maintenance, improvement and operation of local streets, roads and highways, and State highways and freeways and public transit systems. These purposes include expenditures for planning, environmental reviews, engineering and design costs and related right-of-way acquisition. They also include, but are not limited to, debt service on bonds and expenses in connection with the issuance of bonds. The Sales Tax was imposed over a 20-year period from April 1, 1990 through March 31, 2010.

On January 3, 1990, the Authority adopted Ordinance No. 90-1 which amended certain provisions of Ordinance No. 89-1.

On June 2, 2004, the Authority adopted Ordinance No. 04-01 which provided for the renewal of the Sales Tax, to be imposed over a 30-year period from April 1, 2010 through March 31, 2040. On November 2, 2004, the voters of the County approved the San Bernardino County Transportation Expenditure Plan contained in Ordinance No. 04-01 of the Authority (the "Renewal Expenditure Plan"), which included the following:

- Widening/improving I-10, I-15, I-210, I-215, SR-60, SR-62, SR-18 and US-395;
- Improving freeway interchanges countywide;
- Improving local streets and roads;
- Expanding transit for seniors and disabled riders; and
- Expanding Metrolink commuter rail.

The three ordinances together represent the restated "Ordinance," which defines the parameters of the Expenditure Plan and the Renewal Expenditure Plan. The Expenditure Plan and the Renewal Expenditure Plan are supplemented by the Authority's "Plan of Finance."

Measure I Renewal Expenditure Plan.

The following is a description of the requirements and new parameters of the Measure I Renewal Expenditure Plan.

After deduction of required Board of all required Board of Equalization fees and authorized costs, revenues generated from each specified subarea within the County will be expended on projects of direct benefit to that subarea. Revenues will be accounted for separately for each subarea and then allocated to specified project categories. Decisions on how revenues are expended within the subareas will be made by the Authority's Board of Directors, based upon recommendation of local representatives.

Subarea Identification. The San Bernardino Valley Subarea includes the cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland and Yucaipa and unincorporated areas in the east and west portions of the San Bernardino valley urbanized area. The Mountain-Desert Area includes the following subareas: (1) the North Desert Subarea, which includes the City of Barstow and surrounding unincorporated areas; (2) the Colorado River Subarea, which includes the City of Needles and the surrounding unincorporated areas of the East Desert; (3) the Morongo Basin Subarea, which includes the City of Twentynine Palms, Town of Yucca Valley and surrounding unincorporated areas; (4) the Mountain Subarea, which includes the City of Big

Bear Lake and surrounding unincorporated areas of the San Bernardino Mountains; and (5) the Victor Valley Subarea, which includes the Cities of Adelanto, Hesperia and Victorville; the Town of Apple Valley; and surrounding unincorporated areas including Wrightwood. As of January 1, 2009, _______ people resided in the Mountain-Desert Area, which is approximately ____% of the entire population of the County.

Cajon Pass Expenditure Plan. Three percent of the revenue generated in the San Bernardino Valley Subarea and the Victor Valley Subarea will be reserved in advance of other allocations specified in the plan in an account for funding of the I-15/I-215 Interchange in Devore, I-15 widening through Cajon Pass and truck lane development. Cajon Pass serves as the major transportation corridor connecting the two urbanized areas within San Bernardino County and is in need of the identified improvements, which are critical components to intra-county travel for residents of both the Victor Valley and San Bernardino Valley.

San Bernardino Valley Subarea Expenditure Plan. In the area described as the Valley Subarea, project categories will be established as specified below.

State and Federal Transportation Funds. A proportional share of projected state and federal transportation funds will be reserved for use solely within the Valley Subarea.

Revenue Estimates. Sales Tax Revenues generated by the 2004 Ordinance for the Valley Subarea over a thirty year period are estimated to be $4,520 million. Approximately $881 million in state and federal funds and approximately $777 million in contributions from new development are projected for the area over this period, for an estimated total Valley Subarea revenue of $6,178 million for transportation improvements.

Freeway Projects. 29% of revenue collected in the Valley Subarea will fund freeway projects within the Valley Subarea.

Freeway Interchange Projects. 11% of revenue collected in the Valley Subarea will fund Freeway Interchange Projects.

Major Street Projects. Over the thirty-year life of Measure I, the Major Street Projects category will accrue approximately 18% of revenue collected in the Valley. Upon initial collection of revenue, the Major Street Projects category will receive 20% of revenue collected in the Valley. Effective ten years following initial collection of revenue, the Major Street Projects allocation will be reduced to no more than 17% but to not less than 12% upon approval by the Authority Board of Directors and the Express Bus/Bus Rapid Transit Service allocation will be increased by a like amount.

Major Street Projects are defined as congestion relief and safety improvements to major streets that connect communities, serve major destinations and provide freeway access. The Major Street Projects portion of the San Bernardino Valley program will be expended pursuant to a five-year project list to be annually adopted by the Authority after being made available for public review and comment. Funding priorities will be given to improving roadway safety, relieving congestion, street improvements at rail crossings and will take into account equitable geographic distribution over the life of the program.

Local Street Projects. 20% of revenue collected in the Valley Subarea will be distributed among local jurisdictions in the Valley Subarea for Local Street Projects. Allocations to local jurisdictions will be on a per capita basis using the most recent State Department of Finance population estimates for January 1, with the County's portion based upon unincorporated population in the Valley Subarea. Estimates of unincorporated population within the Valley Subarea will be determined by the County Planning Department, reconciled with the State Department of Finance population estimate for January 1 of each year.

Local Street Projects are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds can be used flexibly for any eligible transportation purpose determined to be a local priority, including local streets, major highways, state highway improvements, transit and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project funds will be based upon a five year plan adopted annually by the governing body of each jurisdiction after being made available for public review and comment. Local Street Project Funds will be disbursed to local jurisdictions upon receipt of the annually adopted five year plan. The locally adopted five year plan will be consistent with other local, regional and state transportation plans.

Metrolink/Rail Service. 8% of revenue collected in the Valley Subarea will fund Metrolink/Rail Service. Eligible expenditures of Metrolink/Rail Service funds include purchase of additional commuter rail passenger cars and locomotives for use on Metrolink lines serving the County; construction of additional track capacity necessary to operate more passenger trains on Metrolink lines serving the County; construction of additional parking spaces at Metrolink stations in the County; and provision of funds to match State and Federal funds used to maintain the railroad track, signal systems and road crossings for passenger rail service in the County, construction and operation of a new passenger rail service between the cities of San Bernardino and Redlands and construction and operation of an extension of the Gold Line to Montclair Transit Center for County passengers traveling to San Gabriel Valley cities, Pasadena and Los Angeles.

Senior and Disabled Transit Service. 8% of revenue collected in the Valley Subarea will fund Senior and Disabled Transit Service. 6% of revenue collected in this category will be expended to reduce fares and enhance service for senior citizens and persons with disabilities. Eligible expenditures in the Senior and Disabled Transit Service category will include (1) the provision of funding to off-set a portion of future senior and disabled fare increases that would apply to fixed route, Community Link and complementary paratransit services; (2)the provision of local funds to help off-set operating and capital costs associated with special transit services provided by transit operators, cities, and non-profit agencies for seniors and persons with disabilities; and (3) at least 2% of the revenues collected in this category will be directed to the creation of a Consolidated Transit Service Agency which will be responsible for the coordination of transit services provided to seniors and persons with disabilities.

Express Bus/Bus Rapid Transit Service. Over the thirty-year life of Measure I, the Express Bus/Bus Rapid Transit Service category will accrue approximately 4% of revenue collected in the Valley Subarea. Upon initial collection of the revenue, the Express Bus/Bus Rapid Transit Service category will receive 2% of revenue collected. Effective ten years following initial collection of revenue, the Express Bus/Bus Rapid Transit Service category will be increased to at least 5% but no more than 10% upon approval by the Authority's Board of Directors. The Major Street Projects category will be reduced by a like amount.

Funds in this category will be expended for the development, implementation and operation of express bus and bus rapid transit service, to be jointly developed by the Authority and transit service agencies serving the Valley Subarea. Eligible projects to be funded by Express Bus/Bus Rapid Transit Service funds will include contributions to operating and capital costs associated with implementing high-speed, express-type bus service in high-density travel corridors.

Traffic Management Systems. 2% of revenue collected in the Valley Subarea will fund traffic management systems. Eligible projects under this category will include signal synchronization, systems to improve traffic flow, commuter assistance programs, freeway service patrol and projects which contribute to environmental enhancement associated with transportation facilities.

Mountain-Desert Expenditure Plan. In the area described as the Mountain-Desert Area, project categories will be established as specified below.

State and Federal Transportation Funds. A proportional share of projected state and federal transportation funds will be reserved for use solely within the Mountain-Desert subareas.

Revenue Estimates. Sales Tax Revenues generated by the 2004 Ordinance for the Mountain-Desert region over a thirty year period are estimated to be $1,250 million. Approximately $165 million in state and federal funds and approximately $369 million in contributions from new development are projected for the area over this period, for an estimated total Mountain-Desert area revenue of $1,784 million for transportation improvements.

Local Street Projects. 70% of revenue collected within each subarea will be apportioned for Local Street Projects within each subarea. 2% of revenue collected within each subarea will be reserved in a special account to be expended on Project Development and Traffic Management Systems. Eligible Project Development and Traffic Management Systems projects may include, at the discretion of local subarea representatives, costs associated with corridor studies and project study reports, projects to improve traffic flow and maximize use of transportation facilities, congestion management, commuter assistance programs and projects which contribute to environmental enhancement associated with highway facilities. Expenditure of Project Development and Traffic Management Systems funds will be approved by the Authority's Board of Directors, based upon a recommendation of subarea representatives and the Mountain-Desert Committee. If, after five years of revenue collection and every five years thereafter, the local representatives and the Mountain-Desert Committee make a finding that Project Development and Traffic Management Systems funds are not required for improvements of benefit to the subarea, then revenue in the Project Development and Traffic Management Systems category may be returned to the general Local Street Projects category. Such return will be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

After reservation of the 2% collected in each subarea for Project Development and Traffic Management Systems, the remaining amount of funds in the general Local Street Projects category will be allocated to local jurisdictions based upon population (50%) and tax generation (50%). Population calculations will be based upon the most current State Department of Finance estimates for January 1 of each year. Estimates of unincorporated population within each subarea will be determined by the County Planning Department, reconciled with the State Department of Finance population estimate. Tax generation calculations will be based upon State Board of Equalization data.

Projects in the general Local Street Projects category are defined as local street and road construction, repair, maintenance and other eligible local transportation priorities. Local Street Project funds may be used flexibly for any eligible transportation purpose determined to be a local priority, including local roads, major streets, state highway improvements, transit, including but not limited to fare subsidies and service enhancements for seniors and persons with disabilities, and other improvements/programs to maximize use of transportation facilities. Expenditure of Local Street Project funds will be based upon a five year plan adopted annually by the governing body of each jurisdiction after being made available for public review and comment. Local Street Project Funds will be disbursed to local jurisdictions upon receipt of the annually adopted five year plan. The locally adopted five year plan will be consistent with other local, regional and state transportation plans.

Major Local Highway Projects. 25% of revenue collected within each subarea will be reserved in a special account to be expended on Major Local Highway Projects of benefit to the subarea. Major Local Highway Projects are defined as major streets and highways serving as primary routes of travel within the subarea, which may include State highways and freeways, where appropriate. Major Local Highway Projects funds can be utilized to leverage other state and federal funds for transportation projects and to perform advance planning/project reports. Expenditure of Major Local Highway Projects funds will be approved by the Authority's Board of Directors, based upon a recommendation of subarea representatives and the Mountain-Desert Committee. If after five years of revenue collection and every five years thereafter, the local representatives and the Mountain-Desert Committee make a finding that Major Local Highway Projects funds are not required for improvements of benefit to the subarea, then revenue in the Major Local Highway Projects category may be returned to jurisdictions within the subarea. Such return will be allocated and expended based upon the formula and requirements established in the general Local Street Projects category.

Senior and Disabled Transit Service. 5% of revenue collected within each subarea will be reserved in an account for Senior and Disabled Transit Service. Senior and Disabled Transit Service is defined as contributions to transit operators for fare subsidies for senior citizens and persons with disabilities or enhancements to transit service provided to seniors and persons with disabilities. In the Victor Valley subarea, the percentage for Senior and Disabled Transit Service will increase by 0.5% in 2015 with additional increases of 0.5% every five years thereafter to a maximum of 7.5%. Such increases will automatically occur unless each local jurisdiction within the subarea makes a finding that such increase is not required to address unmet transit needs of senior and disabled transit users. In the North Desert, Colorado River, Morongo Basin and Mountain subareas, local representatives may provide addition funding beyond 5% upon a finding that such increase is required to address unmet transit needs of senior and disabled transit services. All increases above the 5% initial revenue collected for Senior and Disabled Transit Service will come from the general Local Street Projects category of the subarea. Expenditure of Senior and Disabled Transit Service funds will be approved by the Authority's Board of Directors, based upon recommendation of subarea representatives and the Mountain-Desert Committee.

Future Financing Plans

The Authority anticipates that the Measure I Renewal Expenditure Plan will be funded through a combination of pay-as-you-go and bond financing. The adopted initial Plan of Finance for the Measure I Renewal Expenditure Plan assumes no additional bond financing prior to the issuance of the Take-Out Bonds.

RISK FACTORS

Access to Capital Markets

As discussed herein, the Series 2009 Notes mature on the Maturity Date, and Sales Tax Revenues are not expected to be sufficient to pay principal on the Series 2009 Notes when due.

The source of repayment of the principal of the Series 2009 Notes is expected to be the proceeds of the Take-Out Bonds. While the Authority has covenanted to use its best efforts to issue the Take-Out Bonds on or before the Maturity Date to provide funds to pay the principal of and possibly a portion of the interest on the Series 2009 Notes due on the Maturity Date, it is possible that the occurrence of an unforeseen circumstance could prevent or delay the Authority's ability to access the capital markets and issue the Take-Out Bonds. Such market disruptions are unlikely, but have occurred in the past, such as in the event of a terrorist attack or natural disaster. No assurances can be given that the Authority will be able to issue the Take-Out Bonds if such a circumstance were to occur. In such an event, there will be no other source of funds available to pay the principal of the Series 2009 Notes on the Maturity Date.

Economy of the County and the State

The Series 2009 Notes are secured by a pledge of Sales Tax Revenues. The level of Sales Tax Revenues collected at any time is dependent upon the level of retail sales within the County, which level of retail sales is, in turn, dependent upon the level of economic activity in the County and in the State generally. The economy of the County is currently experiencing a slowdown as evidenced by an increased unemployment rate, a slowdown in total personal income and taxable sales, a drop in residential building permits, a decline in the rate of home sales and the median price of single-family homes and condominiums, an increase in notices of default on mortgage loans secured by homes and condominiums and an increase in foreclosures resulting from such defaults. Any substantial deterioration in the level of economic activity within the County or in the State could have a material adverse impact upon the level of Sales Tax Revenues and therefore upon the ability of the Authority to issue the Take-Out Bonds the proceeds of which are the expected source of repayment of the principal of Series 2009 Notes on the Maturity Date. For information relating to historic and current economic conditions within the County and the State which indicate a slowdown in the current economy of the County and the State, see "SECURITY AND SOURCES OF PAYMENT—The Measure I Sales Tax" and APPENDIX B - "COUNTY DEMOGRAPHIC AND ECONOMIC INFORMATION."

The Measure I Sales Tax

With limited exceptions, the Measure I Sales Tax is imposed upon the same transactions and items subject to the sales tax levied statewide by the State. The State Legislature or the voters within the State, through the initiative process, could change or limit the transactions and items upon which the statewide sales tax and the Measure I Sales Tax are imposed. Any such change or limitation could have an adverse impact on the Sales Tax Revenues collected. For a further description of the Measure I Sales Tax, see "THE MEASURE I SALES TAX."

State and Local Sales Taxes

In addition to sales taxes levied on the County level, the State also currently imposes a 7.25% sales tax. Legislation effective as of April 1, 2009 will raise the State sales tax rate by 1% to 8.25%. Combined with the Measure I Sales Tax, this State sales tax results in transactions in the County being taxed at an effective rate of 8.75%. There could be additional increases in the State sales tax which could have an adverse effect on consumption resulting in a reduction in the Measure I Sales Tax.

There could also be additional increases in the sales tax levied in the County which could have an adverse effect on consumption resulting in a reduction in the Measure I Sales Tax.

Proposition 218

On November 5, 1996, voters in the State approved an initiative known as the Right to Vote on Taxes Act ("Proposition 218"). Proposition 218 added Articles XIIIC and XIIID to the California Constitution. Article XIIIC requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined to include local or regional governmental agencies such as the Authority. The Measure I Sales Tax received the approval of more than the majority of the voters for the imposition of the Measure I Sales Tax and of more than two-thirds of the voters for the continuation of the Measure I Sales Tax as required by Article XIIIC. However, Article XIIIC also removes limitations that may have applied to the voter initiative power with regard to reducing or repealing previously authorized taxes. In the opinion of the Authority, however, any attempt by the voters to use the initiative provisions under Proposition 218 to rescind or reduce the levy and collection of the Measure I Sales Tax in a manner which would prevent the payment of debt service on the Series 2009 Notes would violate the Impairment Clause of the United States Constitution and, accordingly, would be precluded. However, it is likely that the interpretation and application of Proposition 218 will ultimately be determined by the courts.

Further Initiatives

Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, which may affect the Authority's ability to levy and collect the Measure I Sales Tax.

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2009 Notes in the event of a default in the payment of principal and interest on the Series 2009 Notes when due. In the event of a default by the Authority, each Holder of a Series 2009 Note will have the right to exercise the remedies, subject to the limitations thereon, set forth in the Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Series 2009 Notes could become includable in federal gross income, possibly from the date of issuance of the Series 2009 Notes, as a result of acts or omissions of the Authority subsequent to the issuance of the Series 2009 Notes. Should interest become includable in federal gross income, the Series 2009 Notes are not subject to redemption by reason thereof and will remain outstanding until maturity.

FINANCIAL STATEMENTS

The financial statements of the Authority for the Fiscal Year ended June 30, 2008, included in APPENDIX A of this Official Statement have been audited by Vavrinek, Trine, Day & Co. LLP, independent auditors, as stated in their report therein. Vavrinek, Trine, Day & Co. LLP was not requested to consent to the inclusion of its report in APPENDIX A, nor has it undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Vavrinek, Trine, Day & Co. LLP with respect to any event subsequent to the date of its report. The Authority represents that there has been no material adverse change in its financial position since June 30, 2008.

LITIGATION

There is not now pending or, to the knowledge of the Authority, threatened, any litigation restraining or enjoining the issuance or delivery of the Series 2009 Notes or questioning or affecting the validity of the Series 2009 Notes or the proceedings and authority under which they are to be issued or the levy, collection and pledge of Sales Tax Revenues. Neither the creation, organization or existence of the Authority, nor the title of the present members of the Authority to their respective offices, is being contested.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest evidenced by the Series 2009 Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest evidenced by the Series 2009 Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel also observes that such interest evidenced by the Series 2009 Notes is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest evidenced by the Series 2009 Notes is exempt from State of California personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2009 Notes is less than the amount to be paid at maturity of such Series 2009 Notes (excluding amounts stated to be interest and payable at least annually over the term of such Series 2009 Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest evidenced by the Series 2009 Notes which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2009 Notes is the first price at which a substantial amount of such maturity of the Series 2009 Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2009 Notes accrues daily over the term to maturity of such Series 2009 Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2009 Notes to determine taxable gain or loss upon disposition (including sale, prepayment, or payment on maturity) of such Series 2009 Notes. Beneficial owners of the Series 2009 Notes should consult their own tax advisors with respect to the tax consequences of ownership of Series 2009 Notes with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2009 Notes in the original offering to the public at the first price at which a substantial amount of such Series 2009 Notes is sold to the public.

Series 2009 Notes purchased, whether at original execution and delivery thereof or otherwise, for an amount higher than their principal evidenced thereby payable on the scheduled principal payment date thereof (or, in some cases, at their earlier prepayment date) ("Premium Series 2009 Notes") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like those evidenced by the Premium Series 2009 Notes, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Series 2009 Note, will be reduced by the amount of amortizable premium properly allocable to such beneficial owner. Beneficial owners of Premium Series

2009 Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the Series 2009 Notes. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest evidenced by the Series 2009 Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the Series 2009 Notes being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Series 2009 Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of execution and delivery of the Series 2009 Notes may adversely affect the value of, or the tax status of interest evidenced by, the Series 2009 Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest evidenced by the Series 2009 Notes is excluded from gross income for federal income tax purposes and that interest on the Series 2009 Notes is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Series 2009 Notes may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest evidenced by the Series 2009 Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions (including the matter described below) may affect the market price for, or marketability of, the Series 2009 Notes. Prospective purchasers of the Series 2009 Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

On November 5, 2007, the United States Supreme Court heard an appeal in the case of Kentucky v. Davis, in which a Kentucky state court had ruled that the United States Constitution prohibited the state from providing a tax exemption for interest on bonds issued by Kentucky and its political subdivisions but taxing interest on obligations issued by other states and their political subdivisions. California law is similar to Kentucky in taxing interest on out-of-state bonds. A ruling by the Supreme Court against the Kentucky law would not change the exemption from California personal income taxes of the interest on the Series 2009 Notes, but the value of the Series 2009 Notes may be adversely affected by changes in the demand for California-origin obligations. There can be no assurance as to the outcome of the Davis case, the potential impact on market price or marketability of the Series 2009 Notes which may result from a decision, or the likelihood of any future action by Congress on this subject.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2009 Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2009 Notes ends with the execution and delivery of the Series 2009 Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the beneficial owners regarding the tax-exempt status of the Series 2009 Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2009 Notes for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Series 2009 Notes and may cause the Authority or the beneficial owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2009 Notes and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority by County Counsel for the Authority and by Nossaman LLP as Disclosure Counsel.

RATING

Standard and Poor's Ratings Group, a division of the McGraw Hill Companies, Inc. ("S&P"), has assigned a rating of "______" to the Series 2009 Notes, Moody's Investors Service ("Moody's") has assigned a rating of "______" to the Series 2009 Notes and Fitch Inc. ("Fitch") has assigned a rating of "______" to the Series 2009 Notes. This rating reflects only the views of S&P, Moody's and Fitch, respectively, and does not constitute a recommendation to buy, sell or hold the Series 2009 Notes. S&P has also assigned a preliminary rating of "_____" to the Take-Out Bonds, Moody's has assigned a preliminary rating of "_____" to the Take-Out Bonds and Fitch has assigned a preliminary rating of "_____" to the Take-Out Bonds. These preliminary ratings reflect only the current view of S&P, Moody's and Fitch, respectively. No assurances can be given that the Take-Out Bonds will be issued. See "RISK FACTORS -

Access to Capital Markets." Nor can any assurance be given as to the rating which may be assigned to the Take-Out Bonds if issued. These preliminary ratings reflect only the view of S&P, Moody's and Fitch, respectively, and do not constitute a recommendation to buy, sell or hold securities. The Authority has furnished to S&P, Moody's and Fitch certain information respecting the Series 2009 Notes and the Authority. Generally, rating agencies base their ratings on such information and materials and their own investigations, studies and assumptions. The ratings are subject to revision or withdrawal at any time by S&P, Moody's and Fitch, and there is no assurance that the ratings will continue for any period of time or that it will not be lowered or withdrawn. Any reduction or withdrawal of the ratings may have an adverse effect on the market price for, or marketability of, the Series 2009 Notes.

UNDERWRITING

__________, as representative of the underwriters of the Series 2009 Notes listed on the cover hereof (the "Representative"), has agreed, subject to certain conditions, to purchase Series 2009 Notes at a price of $______________ (representing $_________________ aggregate principal amount of Series 2009 Notes, plus a net original issue premium of $____________, less an Underwriters' discount of $______________). The Purchase Contract provides that the Underwriters will purchase all the Series 2009 Notes if any are purchased.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the owners and beneficial owners of the Series 2009 Notes to provide certain financial information and operating data relating to the Authority by not later than 210 days following the end of the Authority's Fiscal Year (presently June 30) (the "Annual Report"), commencing with the report for the Fiscal Year ended June 30, 2009, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Dissemination Agent on behalf of the Authority with each Nationally Recognized Municipal Securities Information Repository (the "NRMSIRs"). The notices of material events will be filed by the Dissemination Agent on behalf of the Authority with the Municipal Securities Rulemaking Board and with the NRMSIRs. The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth under the caption "APPENDIX F — PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

FINANCIAL ADVISOR

The Authority has retained Montague DeRose and Associates, LLC, Westlake Village, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2009 Notes. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Compensation paid to the Financial Advisor in connection with the issuance of the Series 2009 Notes is contingent upon the issuance of the Series 2009 Notes.

MISCELLANEOUS

The references herein to the Act and the Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete or definitive. For full and complete statements of such provisions reference is made to the Act or said documents, as the case may be. Copies of the Indenture are available for inspection at the Authority and following delivery of the Series 2009 Notes will be on file at the offices of the Trustee in New York, New York.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Holders of any of the Series 2009 Notes.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

SAN BERNARDINO COUNTY
TRANSPORTATION AUTHORITY

By:______________________________
Executive Director

APPENDIX A

AUTHORITY AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2008

APPENDIX B

COUNTY OF SAN BERNARDINO, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC INFORMATION

The general information in this section concerning the County is provided as supplementary information only.

The County of San Bernardino

The County is located in Southern California and was established by an act of the State Legislature on April 23, 1853, which formed the County from the eastern part of Los Angeles County. The County encompasses an area of over 20,000 square miles and includes twenty-four incorporated cities. The County is the largest county in the State in terms of geographical area and, like all California regions, may be subject to unpredictable seismic activity.

The County is a charter county divided into five supervisory districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (the "Board") who serve staggered four-year terms. The Chairman is elected by and from the members of the Board. Mark Uffer serves as the County Administrative Officer.

County administration includes a number of appointed officials, including ones appointed by or jointly appointed by a combination of the Board of Supervisors, the County Administrative Officer and the Assistant County Administrator for the Human Services Systems. Certain other officials are appointed by various other officials, including the Assistant County Administrative Officer, the Assistant County Administrator for the Human Services System, and the Assistant County Administrator for Economic Development and Public Services. There are six officials elected by county-wide vote to four-year terms: the Assessor, Auditor/Controller-Recorder, District Attorney, Superintendent of Schools, Sheriff-Coroner, and Treasurer-Tax Collector/Public Administrator. Many boards, commissions and committees assist the Board of Supervisors and County officials.

The County provides a wide range of services to its residents in the areas of police protection, medical and health care, senior citizen assistance, consumer affairs, public libraries, courts support programs, airports, parks, and public assistance programs. Other services such as fire protection, lighting, road maintenance, and flood control are provided by special districts that are governed by the Board of Supervisors. Some municipal services are provided by the County on a contractual basis to incorporated cities within their boundaries. This allows cities to contract for municipal services without incurring the cost of creating their own city departments and facilities.

Geography

1. The County is bordered on the west by Los Angeles County, on the east by the State of Arizona and the State of Nevada, on the north by Inyo County and Kern County, and on the south by Orange and Riverside Counties. Composed essentially of three geographic regions—valley, mountain and desert—elevation in the County ranges from a high of 11,502 feet above sea level to a low of 181 feet above sea level.

Population

The following table sets forth the population of the County and the State for the years 2004 through 2008.

TABLE 1
COUNTY OF SAN BERNARDINO
Population 2004-2008
As of July 1, 2008

Year	County	County Annual Growth	State of California	State Annual Growth
2004	1,920,648	2.9	36,454,471	1.4
2005	1,970,532	2.6	36,896,220	1.2
2006	2,011,404	2.1	37,332,976	1.2
2007	2,026,325	1.4	37,559,440	1.2
2008[(1)]	2,055,766	1.5	38,049,462	1.3

Source: State Department of Finance, Demographic Research Unit, February 2009.
(1) Provisional.

The following table lists the respective populations of the five largest cities and the unincorporated area in the County.

TABLE 2
COUNTY OF SAN BERNARDINO
Population of Five Largest Cities and Unincorporated Area
As of January 1, 2008

City	Population
San Bernardino	205,493
Fontana	181,282
Ontario	172,363
Rancho Cucamonga	172,001
Victorville	102,349
Unincorporated Area	295,407
Total	1,128,895

Source: State Department of Finance, Demographic Research Unit, February 2009.

Personal Income

The following table sets forth the per capita personal income in the County and the State for years 2001 through 2005.

TABLE 3
COUNTY OF SAN BERNARDINO
Per Capita Personal Income
2001-2006

Year	San Bernardino	California
2002	23,290	32,769
2003	23,876	33,469
2004	25,066	35,380
2005	26,074	36,936
2006	27,134	39,626

Source: U.S. Department of Commerce, Bureau of Economic Analysis, February 2009.

School Enrollment

There are 35 public school districts in the County serving 428,142 students as of the 2007-08 school year. In addition, there are nine colleges and universities, including six community colleges, in the County. The following table sets forth the colleges and universities located in the County.

TABLE 4
COUNTY OF SAN BERNARDINO
College and University Enrollment
School Year 2007-2008(1)

Public and Private Institutions	Total Number Enrolled	City
Universities:		
California State University - San Bernardino	17,066	San Bernardino
Loma Linda University	4,022	Loma Linda
University of Redlands	4,188	Redlands
Community Colleges:		
Chaffey College	18,736	Rancho Cucamonga
San Bernardino Valley College	12,839	San Bernardino
Victor Valley College	10,149	Victorville
Crafton Hills College	5,382	Yucaipa
Barstow Community College	2,906	Barstow
Copper Mountain College	1,673	Joshua Tree

Sources: County of San Bernardino, February 2009; National Center for Education Statistics, February 2009.
(1) Data reflects Fall 2007 enrollment.

Employment

Total annual average of employment in the County in 2008 was 896,400. The County's annual average unemployment rate for 2008 was 8.0%. Although comparable benchmarked wage and salary employment figures for 2008 are not yet available, the County's unemployment rate in 2008 is 8.0% and the State's unemployment rate for 2008 is 7.2%. The following table sets forth labor force, employment and unemployment figures for the years 2003 through 2007.

TABLE 5
COUNTY OF SAN BERNARDINO
Employment and Unemployment of Resident Labor Force
Wage and Salary Workers by Industry
Annual Averages 2003-2007[1]
(in thousands)

	2003	2004	2005	2006	2007
Civilian Labor Force[2]	809.0	837.0	861.8	884.1	885.1
Employment	758.3	788.7	816.8	842.3	835.1
Unemployment	50.7	48.3	45.0	41.8	49.9
Unemployment Rate					
County	6.3%	5.8%	5.2%	4.7%	5.6
State of California	6.8%	6.2%	5.4%	4.9%	
Wage and Salary Employment[3]					
Agriculture	4.0	3.6	3.3	3.0	3.1
Natural Resources, Mining, and Construction	38.9	42.0	45.7	47.2	43.5
Manufacturing	66.1	69.3	67.7	67.9	64.0
Transportation, Warehousing, and Public Utilities	37.8	41.9	44.5	45.9	
Wholesale Trade	27.2	28.7	31.6	33.3	35.2
Retail Trade	72.7	77.5	83.6	86.0	87.8
Information	7.3	7.1	7.1	7.5	7.6
Finance, Insurance, and Real Estate	23.1	24.9	26.7	28.1	27.0
Services	197.4	211.6	219.3	225.9	224.8
Government	115.3	114.7	117.7	119.1	119.1
TOTAL[4]	589.9	621.3	647.1	663.9	666.7

Source: State of California Economic Development Department, Labor Market Information Division, January 2009.
(1) Data reflects March 2007 Benchmark.
(2) Based on place of residence.
(3) Based on place of work.
(4) Totals may not be exact due to independent rounding.

Major Employers

The following table sets forth a list of the top public and private sector employers in the County, their product or service, and the number of their employees.

TABLE 6
COUNTY OF SAN BERNARDINO
Major Public and Private Sector Employers
As of June 30, 2007

Company	Product/Service	Approximate Employees
County of San Bernardino	County Government	18,382
Loma Linda University Adventist Health Services	Health Care	13,000
U.S. Marine Corp Air/Ground Combat Center	Military	12,486
San Bernardino City Unified School District	School District	8,574
Stater Brothers	Grocery Retailer	7,600
Ontario International Airport	Airport	7,510
Kaiser Permanente	Health Care	5,682
Fontana Unified School District	School District	3,953
San Manuel Band of Mission Indians	Gaming Casino	3,261
Chino Valley Unified School District	School District	3,200
California State University San Bernardino	University	3,012

Source: County of San Bernardino Economic Development Department.

Construction Activity

The following table sets forth building permit valuations and the number of new dwelling units authorized in the County for the years 2004 through 2008.

TABLE 7
COUNTY OF SAN BERNARDINO
Residential Construction Activity
2004-2008
(in thousands)

	Building Permit Valuations		Number of Permits	
	Residential	Non-Residential	Single Family	Multi-Family
2004	3,069,046	1,144,676	13,991	4,479
2005	3,244,815	1,102,470	15,305	1,379
2006	2,757,955	1,321,880	12,599	1,273
2007	1,548,640	1,364,592	6,215	1,811
2008	572,370	738,814	1,973	1,206

Source: Construction Industry Research Board, February 2009.

Commercial Activity

The following table sets forth the annual volume of taxable transactions within the County for the years 2003 through 2007.

TABLE 8
COUNTY OF SAN BERNARDINO
Taxable Sales Transactions
2003-2007
(in thousands)

	2003	2004	2005	2006	2007
Apparel stores	$ 654,465	$ 742,192	$ 884,406	$946,972	987,164
General merchandise	2,691,305	2,975,073	3,227,529	3,325,193	3,293,664
Specialty stores	2,010,974	2,318,956	2,649,488	2,799,447	
Foods stores	982,352	1,031,668	1,133,194	1,215,887	1,273,368
Package liquor stores	65,331	75,454	92,164	98,678	106,935
Eating and drinking places	1,689,834	1,889,167	2,082,344	2,227,021	2,297,322
Home furnishings and appliances	530,546	658,138	791,607	873,460	895,732
Building materials and farm implements	1,549,631	2,062,469	2,353,679	2,393,289	1,791,105
Service stations	1,710,022	2,161,990	2,719,484	3,147,504	3,268,798
Vehicle, boat, motorcycle and plane dealers and miscellaneous	4,020,900	4,552,916	5,186,511	5,102,709	4,383,392
Total Retail Outlets	15,905,360	18,468,023	21,120,406	22,130,160	21,335,824
Business and personal services	765,866	846,800	924,099	918,373	856,561
All other outlets	5,928,721	6,891,344	7,700,363	8,261,372	8,258,346
Total All Outlets	$22,599,947	$26,206,167	$29,744,868	$31,309,905	30,450,731

Source: California State Board of Equalization, Taxable Sales in California Reports 2003-2007.

Agriculture

The following table sets forth farm production valuation in the County for the years 2003 through 2007.

TABLE 9
COUNTY OF SAN BERNARDINO
Gross Value of Farm Production
2003-2007

	2003	2004	2005	2006	2007
Fruit and Nut Crops	$ 25,653,800	$ 24,496,200	$ 21,006,600	$ 18,190,700	$ 13,789,400
Field Crops	17,010,400	17,085,900	20,648,400	16,656,000	17,909,700
Vegetable Crops	19,944,000	19,195,600	22,089,300	21,625,600	25,978,400
Nursery Products	55,813,500	49,161,400	43,836,900	43,796,900	47,505,800
Livestock and Poultry	527,463,600	577,889,900	457,519,800	335,518,000	466,984,800
Total	$645,885,300	$687,829,000	$565,101,000	$435,787,200	572,168,100

Source: San Bernardino County, Department of Agriculture/Weights and Measures Crop and Livestock Reports 2003-2007.

Industry

The County is home to both new and expanding manufacturing firms producing such items as steel, concrete, glass, foods, paper, plastic and scientific product lines. Recently, the County and the surrounding area have become home to certain large, mega-warehouses and logistics centers. Major companies and corporations with major industrial operations in the County, include, among others, Wal-Mart Stores Inc., M&M Mars Incorporated, Goodyear Tire & Rubber Company, the General Electric Company, Toys "R" Us, Staples, Inc., Target Corporation, Nike, Inc., General Motors Corporation and Mervyns LLC. The County and the surrounding area have experienced both investment and construction of new industrial products of all sizes. The industrial sector in the County is experiencing single-digit vacancy rates, combined with a high rate of pre-leasing activity for products debuting in the market.

The commercial sector of the County is experiencing building, leasing and sales of office product at fast rates. The County and the surrounding area contain many increasing office rents and construction of new, cutting-edge office product. Businesses such as Wells Fargo and Mercury Insurance have opened large offices within the County. A high-end retail area, Victoria Gardens, opened in 2004 in the City of Rancho Cucamonga.

The County's industry is expected to grow through the attraction of major national and international companies including, among others, Mattel Inc., Pep Boys, Sports Authority, Kelly Space and Technology and the corporate headquarters and distribution center for Stater Bros Markets, a chain of grocery stores.

Recreation and Tourism

The County includes many of Southern California's most popular recreation areas, including Joshua Tree National Park, Arrowhead National Landmark, Lake Arrowhead Resort, and Big Bear Lake. The mountains, lakes and resorts in the County offer swimming, boating, fishing, hiking, skiing and other winter sports. The County has a geography that includes mountains, forests, deserts and valleys. It also has easy access to the coastal areas of Southern California. The County hosts the Auto Club Speedway of Southern California, which is one of the premier NASCAR venue on the West Coast of the United States.

Transportation

The County has access to excellent roads, rail and air transportation. The County is serviced by four interstate freeways (I-10, I-15, I-210, I-215) and State Highway 60, all of which provide easy access to the rest of Southern California and a connection to the entire continental United States.

Air

The LA/Ontario International Airport is served by a varied mix of air carriers including American Airlines, Delta Airlines, Southwest Airlines, Continental Airlines, United Airlines, Northwest Airlines, Alaska Airlines and US Airways. Recently, the LA/Ontario International Airport added Jet Blue and Express Jet to its air carriers. In addition, the LA/Ontario International Airport ranks as one of the top 15 largest air cargo airports and ranks among the top 35 air cargo airports in the world. The County and the surrounding area is also served by the San Bernardino International Airport, six regional airports and the Southern California Logistics Airport, which has a fully staffed customs and trade zone designation. The United Parcel Service of America also selected the City of Ontario and the LA/Ontario International Airport area as a base for its hub facility on the west coast of the United States.

Rail

BNSF Railroad Company, which currently operates a 500,000-annual lift intermodal facility in the City of San Bernardino, provides transcontinental intermodel rail freight service. These freight facilities connect the County's rail and freeway corridors. Within the County, merchandise can be imported or exported through the Port of Long Beach and the Port of Los Angeles and then transported, via truck and rail freight service, to inland distribution centers. Subsequently, products are shipped from these inland distribution centers by rail and truck to other markets in North America. Further, new intermodal facilities are also planned or proposed for the High Desert region of the County to serve future distribution needs. Many containerized truck cargo carriers have selected the County and the surrounding area as their base of operations. Additionally, there are as many as eighty individual and independent trucking carriers that call this area home. Internal and external access and centrally-located transportation corridors provide cargo and freight carriers with much needed infrastructure support for shipment and receipt of goods.

Additionally, Amtrak provides passenger service to, among other destinations, downtown Los Angeles, the Cities of San Diego and San Francisco, the States of Oregon and Washington and to destinations throughout the continental United States as well. METROLINK also provides commuter train service to downtown Los Angeles and Orange County.

Ports

The County is in close proximity to both the Ports of Long Beach and Los Angeles via a centralized rail and freeway system. As much as 40 percent of all container cargo enters the United States from these two port locations due to the size and logistic capabilities. For the past ten years there has been an increased demand by both local and national warehouse users to occupy industrial space within the County, in part, as a result of the County's proximity to these international trade centers. The City of Redlands is currently home to one of the newest and largest distribution center in the entire nation, a 1.3 million-square-foot project. This major industrial development, built by AMB Property Corporation, was selected due to its proximity to the Ports of Long Beach and Los Angeles area ports.

International Commence

According to a recently published study conducted through the Claremont Graduate University School of Politics and Economics, international trade in the County has increased to from \$4 billion in 2000 to \$16 billion in 2005. The County supports at one point or another approximately 90 percent of the trade that either begins or ends in the Southern California marketplace, which trade process directly supports in excess of 5,000 jobs in the County.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX D

BOOK ENTRY ONLY SYSTEM

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE AUTHORITY, THE TRUSTEE AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOLLOWING INFORMATION WITH DTC OR THE DTC PARTICIPANTS (AS DEFINED HEREIN). ALL DEFINED TERMS USED AND NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS ASSIGNED TO SUCH TERMS IN THE FRONT PORTION OF THIS OFFICIAL STATEMENT.

Initially, DTC will act as Securities Depository for the Series 2009 Notes. The Series 2009 Notes initially will be issued solely in book-entry form to be held under DTC's book-entry system, registered in the name of Cede & Co. (DTC's partnership nominee). Initially, one fully-registered Note certificate will be issued for each Series of the Series 2009 Notes, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants ("Direct Participants") include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (such others being "Indirect Participants"). The rules applicable to DTC and Participants are on file with the Securities and Exchange Commission. So long as the Series 2009 Notes are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Series 2009 Notes.

Purchases of Series 2009 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Notes on DTC's records. The ownership interest of each actual purchaser of each 2009 Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2009 Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in Series 2009 Notes, except in the event that use of the book-entry system for the Series 2009 Notes is discontinued.

To facilitate subsequent transfers, all Series 2009 Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2009 Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the book-entry system is used for the Series 2009 Notes, redemption notices will be sent to Cede & Co. If less than all of the Series 2009 Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

As long as the book-entry system is used for the Series 2009 Notes, principal, purchase price, premium, if any, and interest payments on the Series 2009 Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, purchase price, premium, if any, and interest to DTC is the responsibility of the Board or the Trustee, and disbursement of such payments to the Participants or the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2009 Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

As long as the book-entry system is used for the Series 2009 Notes, a Beneficial Owner, through a Direct Participant or an Indirect Participant acting on behalf of such Beneficial Owner, will give notice to the Issuing and Paying Agent to elect to have its Series 2009 Notes purchased, through its Participant, and will effect delivery of such Series 2009 Notes by causing the Direct Participant to transfer the Participant's interest in the Series 2009 Notes, on DTC's records, to the Issuing and Paying Agent. The requirement for physical delivery of Series 2009 Notes in connection with an optional or a mandatory tender will be deemed satisfied when the ownership rights in the Series 2009 Notes are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as Securities Depository with respect to the Series 2009 Notes at any time by giving notice to the Board, the Trustee and the Issuing and Paying Agent. In addition, the Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). Under either of such circumstances, in the event that a successor Securities Depository is not obtained, 2009 Note certificates are required to be printed and delivered.

The Board, the Trustee and the Issuing and Paying Agent will have no responsibility or obligation to any Securities Depository, any Participants in the book-entry system, or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant, (b) the payment by the Securities Depository or by any Participant of any amount due to any Participant or Beneficial Owner, respectively, in respect of the principal amount or redemption or purchase price of, or interest on, any Series 2009 Notes, (c) the delivery of any notice by the Securities Depository or any Participant, (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2009 Notes, or (e) any other action taken by the Securities Depository or any Participant.

In the event of the discontinuance of the book-entry system for the Series 2009 Notes, 2009 Note certificates will be printed and delivered and the following provisions of the Series 2009 Notes Indenture will apply: (a) principal of the Series 2009 Notes will be payable upon surrender of the Series 2009 Notes at the principal office of the Paying Agent, (b) Series 2009 Notes may be transferred or exchanged for other Series 2009 Notes of authorized denominations at the designated office of the Registrar, without cost to the owner thereof except for any tax or other governmental charge, and (c) Series 2009 Notes will be issued in denominations as described above under "General."

According to DTC, the foregoing information with respect to DTC has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated as of _________, 2009, is executed and delivered by the San Bernardino County Transportation Authority (the "Authority") in connection with the issuance of $[210,000,000] aggregate principal amount of San Bernardino County Transportation Authority Measure I Sales Tax Revenue Notes, Series 2009 (Limited Tax Bonds) (the "Notes"). The Notes are being issued pursuant to an Indenture, dated as of April 1, 2009 (the "2009 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of April 1, 2009 (the "First Supplemental Indenture" and, together with the 2009 Indenture, the "Indenture"). Pursuant to the Indenture, the Authority covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Disclosure Representative" shall mean the designee of the Authority to act as the Disclosure Representative.

"Dissemination Agent" shall mean an entity selected and retained by the Authority, or any successor thereto selected by the Authority. The initial Dissemination Agent shall be The Bank of New York Mellon trust Company, N.A., as trustee under the Indenture..

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate and any other event legally required to be reported pursuant to the Rule.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories approved by the Securities and Exchange Commission as of the date of this Agreement are currently set forth at the following website: http://www.sec.gov/info/municipal/nrmsir.htm.

"Participating Underwriters" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Authority shall provide to each Repository, or shall cause the Dissemination Agent to provide to each Repository, not later than 210 days after the end of the Authority's fiscal year, commencing with the fiscal year ending June 30, 2009, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent. The Authority shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Authority hereunder. The Dissemination Agent may conclusively rely upon such certification of the Authority.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Authority), to the extent appropriate information is available to it, file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Authority's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Authority for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Notes (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update (as of the most recently ended fiscal year of the Authority) for the table entitled "San Bernardino County Transportation Authority Sales Tax Revenues" set forth in the Official Statement under the caption "THE MEASURE I SALES TAX – Historical Sales Tax Revenues."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Authority is an "obligated person" (as defined by the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. modifications to rights of Holders;
4. optional, contingent or unscheduled calls relating to the Notes;
5. defeasances;
6. rating changes;
7. adverse tax opinions or events affecting the tax-exempt status of the Notes;
8. unscheduled draws on the debt service reserves, if any, reflecting financial difficulties;

9. unscheduled draws on credit enhancements, if any, reflecting financial difficulties;

10. substitution of credit or liquidity providers, if any, or their failure to perform; and

11. release, substitution, or sale of property, if any, securing repayment of the Notes.

(b) Whenever the Authority obtains knowledge of the occurrence of a Listed Event, the Authority shall as soon as possible determine if such event would constitute material information for Holders of Notes.

(c) If the Authority has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Authority shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) If the Dissemination Agent has been instructed by the Authority to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent unless the Authority gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(4) and (5) shall not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Notes pursuant to the Indenture.

(e) Termination of Reporting Obligation. The obligations of the Authority and the Dissemination Agent under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(f) hereof.

SECTION 6. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time by providing at least 30 days' notice in writing to the Authority.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Authority and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the

Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions, as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance. This is the first continuing disclosure undertaking by the Authority.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in connection with the exercise or performance of their respective powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Distract, the Bondholders, or any other party. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

SAN BERNARDINO COUNTY
TRANSPORTATION AUTHORITY

By: ______________________________

Receipt Acknowledged By:

BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
AS DISSEMINATION AGENT,

By: ______________________________

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Bernardino County Transportation Authority
Name of Bond Issue:	$[210,000,000] San Bernardino County Transportation Authority Measure I Sales Tax Revenue Notes, Series 2009 (Limited Tax Bonds),
Date of Issuance:	_________, 2009

NOTICE IS HEREBY GIVEN that the San Bernardino County Transportation Authority (the "Authority") has not provided an Annual Report with respect to the above-named Notes as required by that certain Indenture, dated as of April 1, 2009, by and between the Authority and Bank of New York Mellon Trust Company, N.A. (the "Trustee") and that certain First Supplemental Indenture, dated as of April 1, 2009, between the Authority and the Trustee. The Authority anticipates that the Annual Report will be filed by Bank of New York Mellon Trust Company, N.A.

Dated:

BANK OF NEW YORK MELLON TRUST COMPANY, N.A., on behalf of the Authority

By: ______________________________
Its: ______________________________

cc: San Bernardino County Transportation Authority